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September 19, 2003

***VIA ELECTRONIC FILING***

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation by  
Grande Communications, Inc. in CC Docket No. 95-116**

Dear Ms. Dortch:

On Wednesday, September 17, 2003, on behalf of Grande Communications, Inc. ("Grande" or "the Company"), Martha Smiley, Executive Vice President, Corporate Policy and Services for Grande, Todd Daubert of our offices, and I, met with Paul Garnett and Thomas Buckley of the Telecommunications Access Policy Division of the Wireline Competition Bureau to discuss Grande's petition for waiver in the above-referenced proceeding and distribute the attached presentation. During the meeting, Grande explained why grant of its waiver request would serve the public interest, and clarified that Grande's eligible telecommunications carrier ("ETC") designation date is May 22, 2003.

Grande emphasized to the Commission that the Company has invested a significant amount of capital to build its own wireline network with fiber all the way to end user premises in order to serve the approximately 30,000 citizens of the San Marcos exchange in Texas, which is exactly the type of investment and network expansion that the universal service program is designed to encourage and support. Put simply, Grande is bringing facilities-based wireline competition to rural and high-cost areas, which allows more Americans to experience the benefits that follow when consumers have a real choice between telecommunications carriers.

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As a wireline facilities-based competitor with fiber all the way to the end user, Grande is able to displace all incumbent local exchange carrier services to its customers, including first line dial tone, with directly substitutable services relying on similar technologies. Accordingly, Grande's waiver request raises none of the issues associated with the pending wireless competitive ETC applications. Therefore, the justification for granting Grande's waiver is even stronger than those that led the Commission to grant three similar waiver petitions since December of 2002.

Importantly, no benefit would be gained by delaying Grande's ETC funding for 8 to 10 months, particularly because the delay would be the unintentional result of a procedural anomaly in the FCC's rules and USAC's procedures. The delay would certainly not provide any additional funding for CenturyTel, the only party who opposed Grande's request for waiver. Instead, the delay would interfere with Grande's efforts to build-out the remaining portion of its wireline network in the San Marcos exchange. Although Grande has completed construction of nearly 90% of its network in San Marcos exchange, the Company needs ETC funding to build out the remaining 10%, which is located in the high-cost historical downtown district of San Marcos. Meanwhile, CenturyTel would continue to receive universal service support for the network it built long ago, and for which CenturyTel most likely has already recovered all of its costs. As such, delaying support funding to a competitive ETC like Grande that is building its own wireline network in a high cost area serves only to thwart the Commission's express universal service goal of competitive neutrality. Therefore, the Commission should grant Grande's waiver petition as expeditiously as possible.

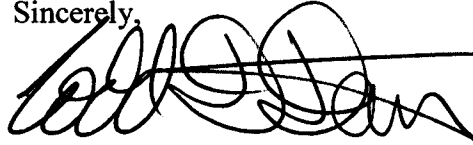
As required by Section 1.1206(b), this *ex parte* notification is being filed electronically for inclusion in the public record of the above-referenced proceeding, and a copy is being submitted to all FCC personnel who attended the meeting.

KELLEY DRYE & WARREN LLP

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Please direct any questions regarding this matter to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to be "Brad E. Mutschelknaus", written over a horizontal line.

Brad E. Mutschelknaus  
Todd D. Daubert  
Erin R. Swansiger  
*Counsel to Grande Communications, Inc.*

cc: Paul Garnett  
Thomas Buckley

# Grande Communications, Inc.

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*Petition for Waiver of Sections 54.307(C) and 54.314(D)*

Ex Parte Presentation  
in  
CC Docket No. 96-45

*Kelley Drye & Warren LLP*  
September 17, 2003

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# Summary of Presentation

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- Grant of Grande's petition for waiver would
    - serve the public interest,
    - be consistent with FCC decisions granting nearly identical waiver petitions, and
    - further the well-established universal service principle of competitive neutrality.
  - Grande's ETC Designation Date is May 22, 2003.
  - The opposition of CenturyTel, the only party who opposes grant of the waiver, is without merit.
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# Grant of Grande's Waiver Would Serve the Public Interest

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- The intent of the FCC's rules is to permit ETCs to receive funding as of their designation date.
  - Due to unintended operation of the FCC's rules and the USAC's procedures, Grande's funding will be inequitably delayed for 8 to 10 months absent the requested waiver:
    - An ETC cannot receive funding for the second quarter of 2003 unless it
      - submits line count information as of 12/30/02 (47 C.F.R. 54.307(c)(3)); and
      - Is certified as of 1/01/03 (47 C.F.R. 54.314(d)(2)).
    - Grande was not designated as an ETC until May 22, 2003.
    - Unless the FCC grants the requested waiver, Grande will not receive funding for ICLS support until December 2003 or HCL, LSS and LTS support until March of 2004.
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# A Delay in Grande's ETC Funding Would Harm the Public Interest

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- Grant of Grande's waiver is imperative to avoid an unintended and unnecessary delay in funding
  - A delay in funding would:
    - hamper Grande's ability to provide service in San Marcos, and
    - violate the universal service principle of competitive neutrality.
  - Grande's waiver request is nearly identical to those of RFB Cellular, GuamCell and Western Wireless, all of which the FCC granted.
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# Grande's ETC Designation Date is May 22, 2003

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- The TPUC designated Grande as a competitive CPUC on May 22, 2003, and certified Grande as an ETC to USAC and the FCC on May 27, 2003.
  - 7/15/03 – TPUC re-issued Grande's ETC designation order as an Order on Rehearing for the sole purpose of correcting two misnumbered paragraphs:
    - At hearing, the TPUC specified that it would issue a second order for the sole purpose of correcting errors in the first order;
    - The Order on Rehearing nowhere states that it amends the May 22, 2003 order or otherwise changes the date of Grande's ETC designation;
    - The only reason why TPUC had to issue order to make corrections was because TPUC had no procedural rules in place permitting it to issue an order on a *nunc pro tunc* basis.
  - On August 28, 2003, the TPUC provided USAC and the FCC with the corrected order and explained that "the only change from the original order is to correct the numbering of certain paragraphs."
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# CenturyTel is the Only Party Who Opposed Grande's Waiver Petition

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- CenturyTel's opposition is entirely without merit.
  - CenturyTel's opposition is merely the latest example of anticompetitive conduct towards Grande (e.g., the Texas ETC designation process, NID interconnection dispute)
  - CenturyTel's motive for opposing Grande's waiver petition is clear: CenturyTel will try anything to prevent Grande from competing with it on an equal footing.
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